2009

TOARC - ANNUAL REPORT

CONSERVATION THROUGH REHABILITATION

BOARD OF DIRECTORS

2010	2009
Representing the Ontario Stone, Sand & Gravel Association (OSSGA) Ken Lucyshyn, Chairman of the Board Norm Flemington, Secretary/Treasurer Greg Sweetnam Bruce Semkowski	Representing the Ontario Stone, Sand & Gravel Association (OSSGA) Ken Lucyshyn, Chairman of the Board Norm Flemington, Secretary/Treasurer Greg Sweetnam Bruce Semkowski
Representing the Conservation Council of Ontario (CCO) Tony Jennings	Representing the Conservation Council of Ontario (CCO) Tony Jennings
Representing the Association of Municipalities of Ontario (AMO) Ric McGee	Representing the Association of Municipalities of Ontario (AMO) Ric McGee
Representing the Aggregate Industry at large (non OSSGA) Gord Lavis	Representing the Aggregate Industry at large (non OSSGA) Gord Lavis
Representing the Ministry of Natural Resources (MNR) as an "Ex Officio Member" Carrie Hayward	Representing the Ministry of Natural Resources (MNR) as an "Ex Officio Member" Carrie Hayward

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June 26, 2010

The Honourable Linda Jeffrey
Minister of Natural Resources
Whitney Block
6th Floor, Room 6630
99 Wellesley St. West
Toronto, ON M7A 1W3

Dear Ms. Jeffrey:

On behalf of the Board of Directors, I am pleased to submit the 2009 Annual Report of The Ontario Aggregate Resources Corporation.

This annual report includes audited financial statements for the Aggregate Resources Trust and The Ontario Aggregate Resources Corporation for the fiscal year ended December 31, 2009. Included within the financial statements for the Aggregate Resources Trust is a schedule of rehabilitation costs for projects completed by the Management of Abandoned Aggregate Properties (MAAP) program in 2009. The report also reviews a number of the many rehabilitation research and other initiatives being funded, as well as their application to creative rehabilitation solutions.

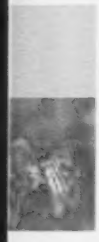
Yours truly,

Ken Lucyshyn
Chairman of the Board

CHAIRMAN'S MESSAGE - 2009

The collection and distribution of aggregate resource fees in 2009 was relatively unchanged from last year. Fees collected in 2009 totaled $20.0 million compared to $20.4 million in 2008. The fees disbursed in 2009 (based on 2008 production) were divided amongst designated recipients as follows:

	($ MILLION)
Local municipalities	9.5
Counties & regions	2.4
MAAP program	.8
Province (from licence fees)	5.5
Province (royalties & permit fees)	1.8
Total	**20.0**



TOARC has once again engaged the Ontario Geological Survey (the OGS) to complete the final phase of the inventories of abandoned pits in the most recently designated areas of the Province (2007). This year (2010) will see the OGS complete its inventory work in the Territorial Districts of Nipissing, Manitoulin, Algoma and Thunder Bay. According to the Aggregate Resources Act (the ARA), former pits and quarries are deemed abandoned if "...a licence or permit was never in force at any time after December 31, 1989". As I noted last year, the preliminary assessment of the 2008 work area (from aerial photographs, etc.) indicated a possible 650 ground disturbances that had to be field checked. Detailed site visits however showed that only 258 of these sites were actually disturbed as the result of aggregate extraction. The results from work undertaken in 2009 (Hastings, Peterborough, Haliburton, Nipissing, Parry Sound, Muskoka and Sudbury) followed a similar pattern. Of a possible 1,500 (approximately) target sites, only 667 were found to be disturbances resulting from aggregate extraction.

A parallel work program commenced last year by MAAP staff continues. This program involves the re-evaluation of files from the original inventories. We know that the status of many of these inventoried sites has changed for a number of reasons. A re-evaluation of these oldest files allows us to better focus our efforts in finding sites needing restoration work. Based on a process of review using high resolution satellite imagery, supported by actual field checks, we can report the development of certain trends.

Staff follows a systematic process of review and evaluation when reassessing these older files, commencing with the original file itself which in many cases affords little more information than a location. Great care is taken to locate sites using a variety of online database and mapping applications derived from high resolution, aerial (satellite) sources. The transformation of some sites to other uses (housing and similar development for example) is obvious and such files can be easily closed. The remaining sites are field checked by staff and new inventories are carried out. The new inventories often reveal that a site has naturalized and intervention with heavy equipment would actually do more harm than good. New site visits also determine that, in many instances, landowners are not interested in having the site rehabilitated as they have perfectly legitimate uses for such sites (a source for personal use sand and gravel for example, storage of farm commodities such as wood or hay, etc.).

At the end of June (2010) the following trends were being seen for sites reassessed:

Developed	210
Licenced	126
No historical extraction	14
Naturalized (to create new habitat)	501
Rehabilitated (by owner)	172
Situated on Crown Land	3
Landowner Not Interested	231
Rehabilitated by MAAP/MNR	302
Total Files Closed:	**1,559**

MAAP staff has developed a systematic set of protocols for reassessing sites to assure accuracy and fairness in decisions to close files. Sites that are borderline (between leaving alone and conducting some work) are reviewed by a panel and are not closed unless a clear consensus is reached. As a final safeguard, to assure fairness in the process, the Board has adopted a policy that where a landowner wants a file reopened for consideration, it will be done. The Board considers this reassessment of files to be a high priority to allow for the best deployment of scarce resources to sites in greatest need.

Work on the functionality of the MAAP database continues and much progress has been achieved in being able to retrieve information and link basic site data with site photos and other resources in a seamless fashion.

On the research front, we are very pleased to report a joint undertaking with the Nature Conservancy of Canada on one of their properties in Norfolk County (reported on elsewhere in this Annual Report) designed to establish protocols for the better use of native species in the rehabilitation of former aggregate sites (principally sand and gravel operations). The research seeks to establish the usefulness of "ecological boosters" such as mycorrhizal inoculations and the addition of soil amendments such as Biochar and compost as strategies to improve soil and vegetative growth using native species. We look forward to the results of these studies which will span the next three years and will report on the results as available.

As our readers know, the work of TOARC is funded from the earnings on the original money provided by the aggregate industry (a portion of security deposits) while the work of the MAAP program is funded by a portion of the annual licence fee paid by aggregate producers ($0.005 per tonne), and earnings on any accumulated surplus. For the year ending 2008, I had to report that the value of the Trust funds had declined by 15.4% over the year ending 2007, primarily due to the shocks in the world equity markets. I am pleased to report for the year ending 2009 that the value of the Trust funds had rebounded by over 7% (from $15,309,305 to $16,405,407, an increase of $1,096,102). This represents a healthy recovery, especially in light of the low interest rates on short term investments and the fact that the Trust experienced certain one time expenditures in support of the preparation of The State of Aggregate Resources in Ontario Update and the inventories of abandoned sites in the newly designated areas.

Respectfully submitted,

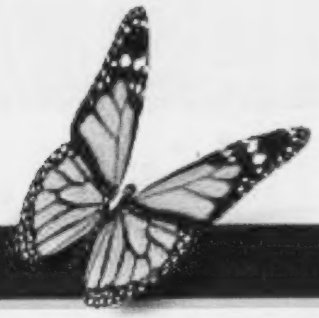
Ken Lucyshyn
Chairman of the Board

2009 MAAP

Project Summary

Project Number	Landowner	Location	Rehabilitation End Use	Area (ha)	Cost
09-01	Birch Pit	Huron County	Woodland/Wetland	2.02	$ 21,052
09-02	Nott Pit	Huron County	Agriculture	6.60	$ 55,000
09-03	Jankowski Pit	Huron County	Agriculture	2.40	$ 26,407
09-04	Powell Pit	Huron County	Woodland/Riparian	1.45	$ 6,352
09-05	Mahon Pit	Perth County	Woodland/Riparian	1.45	$ 7,116
09-06	Mount Pit	Huron County	Woodland/Riparian	0.50	$ 3,046
09-07	Shetler Pit	Huron County	Agriculture	0.38	$ 4,680
09-08	Miller Pit	Huron County	Agriculture	0.25	$ 1,100
09-09	Lantz Pit	RM Waterloo	Agriculture	0.33	$ 2,800
09-10	Detzler Pit	RM Waterloo	Agriculture	1.00	$ 2,900
09-11	Smith (Hunter) Pit,	Wellington County	Woodland/Wetland	*	$ 1,927
09-12	Keupfer Pit	Perth County	Woodland	0.50	$ 280
09-13	Poel Pit	Middlesex County	Woodland	0.30	$ 185
09-14	Deboer Pit	Huron County	Woodland	0.30	$ 313
09-16	Krueger Pit	Renfrew County	Woodland/Native Meadow	0.72	$ 18,690
09-17	Galbraith Pit	Renfrew County	Woodland/Native Meadow	1.75	$ 43,996
09-18	Behm Pit	Renfrew County	Agriculture	0.70	$ 12,572
09-19	Graham Pit	Lanark County	Native Meadow	0.75	$ 13,480
09-21	Martin Pit	Lanark County	Woodland	0.89	$ 31,314
				22.29	$ 253,203

** Hectares to be recorded in year of earthworks completion.*



Summary of MAAP Rehabilitation Costs

Year	Number of New Sites	Area Rehabilitated (ha)	Total Costs**	Cost / (ha)	Avg Cost per site	Avg Area Rehabilitated (ha)
1992-96*	52	77.99	$ 726,480	$ 9,315	$ 13,971	1.50
1997	15	22.40	$ 497,973	$ 22,231	$ 33,198	1.49
1998	10	18.35	$ 219,199	$ 11,945	$ 21,920	1.84
1999	16	30.45	$ 366,636	$ 12,041	$ 22,915	1.90
2000	17	28.50	$ 411,226	$ 14,429	$ 24,190	1.68
2001	21	25.50	$ 320,337	$ 12,562	$ 15,254	1.21
2002	10	14.25	$ 288,844	$ 20,270	$ 28,884	1.43
2003	19	46.39	$ 342,897	$ 7,392	$ 18,047	2.44
2004	15	27.35	$ 414,986	$ 15,173	$ 27,666	1.82
2005	28	75.45	$ 498,819	$ 6,611	$ 17,815	2.69
2006	28	48.50	$ 507,607	$ 10,466	$ 18,129	1.73
2007	23	39.11	$ 738,188	$ 18,875	$ 32,095	1.70
2008	29	45.10	$ 481,427	$ 10,675	$ 16,601	1.56
2009	19	22.29	$ 253,205	$ 11,360	$ 13,327	1.17
Total	**302**	**521.63**	**$ 6,067,824**	**$ 11,632**	**$ 20,092**	**1.73**

** 1992-1996 data is based on information provided by MNR*

*** Total Costs have been restated (except for MNR contracts) to conform with the Trust's revised financial statement presentation*

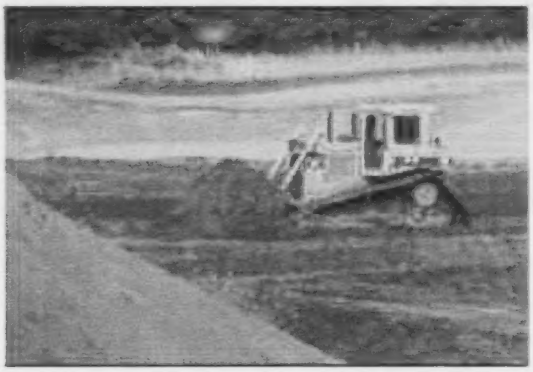
TALLGRASS PRAIRIE RESTORATION WITHIN DERELICT SAND AND GRAVEL PITS IN SOUTHERN ONTARIO: AN INVESTIGATION OF NATIVE PRAIRIE PLANT RESPONSE TO MYCORRHIZAL INOCULATION AND SOIL CARBON AMENDMENTS

TOARC is pleased to announce the joint funding of a new research project investigating the use of native grassland (prairie) species in the rehabilitation of former sand and gravel pits. This new research project, undertaken by Dr. Klironomos and Brian Ohsowski (PhD student), will supply answers to important biological questions that directly lead to a better understanding of prairie rehabilitation. Brian's graduate work will be primarily testing the effect of arbuscular mycorrhizal inoculants and soil supplements (i.e. biochar and municipal compost) on native plant growth and sustainability. Dr. John Klironomos, formerly at the University of Guelph (U of G) and now with the University of British Columbia - Okanagan (UBC-O), is an established leader in the fields of plant and fungal ecology. Along with Dr. Klironomos, Drs. Miranda Hart (UBC–O) and Kari Dunfield (U of G) will also be an integral part the research project. Dr. Hart's current research focuses on the use of mycorrhizal fungi in degraded ecosystems and plant growth in extreme environmental conditions. Dr. Dunfield's current research focuses on understanding the ecology of bacteria and fungi in managed ecosystems.

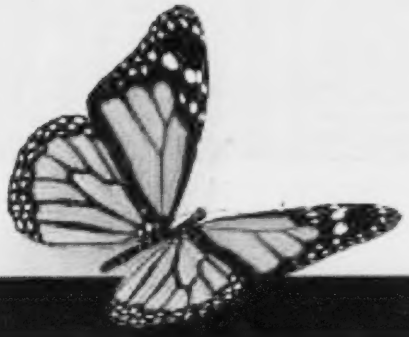
Background

Native tallgrass prairies, once an extensive habitat in southern Ontario, have been greatly diminished to a scant shadow of their former grandeur. Currently, southern Ontario's tallgrass prairies and savannas occur only as remnants, occupying less than three percent of their original range. The rich soils of tallgrass prairies proved to be ideal for livestock grazing and agriculture, thus leading to their ultimate decline. In addition, the pressure exerted by the spread of invasive species has led to the further decline and replacement of many native species in disturbed areas. The reduction of tallgrass prairies threatens many species unique to these habitats, forcing many grassland plant and animal species onto endangered or rare biological inventories in the province of Ontario. Aggregate sites offer significant opportunities to restore tallgrass prairies because of their already 'open' nature and adaptability to management scenarios. This potential has been

The chosen abandoned sand pit pictured above, is located in southern Ontario within the historical range of tallgrass prairie habitat.



The abandoned sand pit has been leveled to minimize environmental variability in the research area.



recognized by TOARC and has lead to the current research initiative. The results of this study can be directly incorporated into industrial-scale restoration of native prairies in southern Ontario.

Tallgrass Prairie Soils and Amendments

Although soil processes can be cryptic, understanding abiotic and biotic soil mechanisms is an essential component to restoration project success. Soil structure and biogeochemical cycles are driven by the presence of plants and soil microbes. Undisturbed prairie soil structure is characterized by an inorganic fraction, decomposing organic matter (a.k.a. plant or animal derived carbon compounds), underground microbes, arthropods, rhizomes, bulbs, and rootstocks. Since plant decomposition in prairies is slower than biomass accumulation, plant material naturally accrues over time to create deep, rich soils with high organic matter content. The presence of organic matter has been shown to increase soil fertility, microbial biomass, organic matter decomposition rates, and soil water holding capacity.

Since abandoned sand and gravel pit soils are highly mineral with a diminished organic carbon fraction, the soil carbon amendment aspect of this project attempts to more closely mimic abiotic conditions of remnant prairie soils. Biochar and municipal compost additions (see below) to the degraded mineral soils of sand and gravel pits have the potential to dramatically influence tallgrass prairie restoration. This research project will harness the synergistic feedback mechanisms among biochar, compost, native plants, soil organisms, and soil fertility.

Why biochar as a soil amendment?

Biochar is created from the high temperature combustion of organic matter (i.e. agricultural wastes, raw materials) in the absence of oxygenated air. The resulting substance is a fine-grained, highly porous black carbon (a.k.a. biochar) that resists microbial degradation for 100's to 1,000's of years. Biochar has been used historically in soil management practices within the Amazonian rainforest and Japan. When used as a soil amendment, research suggests that biochar positively influences biogeochemical cycles and enhances soil fertility by reducing nitrogen leaching, increasing cation-exchange capacity thus retaining important soil nutrients (i.e. iron, calcium, magnesium, etc.), moderating soil pH, increasing water holding capacity of soils, and increasing soil aeration. To date, this will be the first project to incorporate biochar use in a prairie restoration project.

Brian Ohsowski (PhD candidate) explains the nature of biochar, one of the soil amendments being used in the research project.

Why compost as a soil amendment?

All living tissues eventually break down into their simplest parts through the process of decomposition. In the presence of oxygenated air, bacteria, fungi, and tiny scavengers digest organic material (i.e. plant tissue, animal tissue, wastes) as a source of food. When harnessed under controlled conditions, compost (i.e. remaining, recalcitrant material after decomposition) can be produced at a large, industrial scale from municipal refuse (i.e. yard trimmings, garden wastes, food wastes). When added to soils as an amendment, composted organic material has been shown to increase soil fertility by increasing soil organic matter content, providing a source of plant macronutrients (i.e. nitrogen, phosphorus, potassium) and micronutrients (i.e. iron, copper, zinc), increasing water holding capacity of soils, increasing nutrient retention, improving soil aeration, and bolstering soil microbial populations.

What are mycorrhizal fungi?

Arbuscular mycorrhizal fungi (AMF) are soil microorganisms that form close symbiotic associations with receptive plant root cells. This

Tallgrass Prairie Restoration (continued)

common symbiotic relationship has been identified in at least 80% of known terrestrial plants. As a major player in soil biota, these microscopic organisms are ubiquitously distributed in terrestrial habitats across the globe.

In exchange for photosynthetically produced plant sugars, AMF have been described to benefit plants by increasing nutrient acquisition, protecting target plants from pathogenic fungi, enhancing seedling performance, and improving plant water relations. In addition, mycorrhizae have been shown to directly increase soil aggregation (by growing in and around soil particles), thus reducing erosion and speeding up soil development.

Research

This research will test restoration strategies that promote the establishment and persistence of native prairie plants in former sand and gravel pits. The biotechnological land management tools utilized in this project will include the application of the commercially available arbuscular mycorrhizal fungus (AMF), Glomus intraradices and carbon amendment addition (municipal compost and biochar). The proposed treatments are anticipated to drastically alter microbe-driven biogeochemical cycles, soil building processes, and plant-mycorrhizal symbioses resulting in the regeneration of ecosystem-level feedbacks that facilitate native plant and soil microbe production in tallgrass prairies.

This research will contribute significantly to ecological restoration and soil ecology by: 1) describing plant-soil-microbe feedback mechanisms, 2) understanding the role of symbionts and native plants in large-scale field restoration successional pathways, 3) determining the utility of symbiont inoculation of prairie plants in restoration projects, and 4) describing soil carbon amendment influence on native prairie plant survival and persistence.

The research will answer two practical questions:

1. Can we better assure the success of native plant establishment with the use of mycorrhizal inoculants (a relatively inexpensive application), thereby adding value (through successful establishment) to the overall restoration scheme?

2. Can the addition of soil supplements (biochar & compost) in various proportions significantly and cost effectively accelerate soil restoration thus managing soil erosion? It is expected that the use of soil amendments and the use of mycorrhizal inoculants will be synergistic with respect to soil development.

Field Site

The Nature Conservancy of Canada (the NCC) has graciously made a suitable site available where Dr. Klironomos and his team will undertake the research. The site is part of a large-scale multi-property ecological restoration project being undertaken by the NCC. The site has been identified as a priority for restoration activities. It lies directly between two existing natural areas, the St. Williams Conservation Reserve and Backus Woods in Norfolk County. NCC's objectives in the area include increasing natural cover on its properties where possible, and managing existing natural cover for biodiversity values, especially species-at-risk habitat. The NCC uses a practical, science-based approach to design its property management plans. Tom Bradstreet, Conservation Biologist with the NCC stated that: "we are pleased to have Dr. Klironomos' team undertake a research project on one of our properties. It is our hope that the results of the project will improve ecological restoration strategies both locally in Norfolk County and across Ontario".

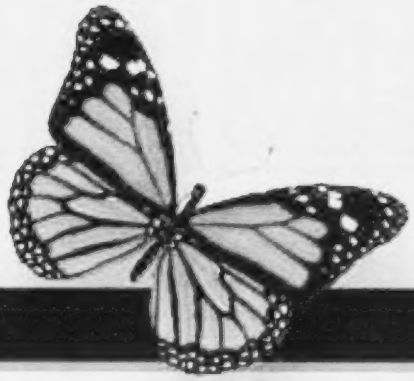
The abandoned sand pit has been leveled to minimize environmental variability in the research area. The chosen southern Ontario field site is located within the historical range of tallgrass prairie habitat.

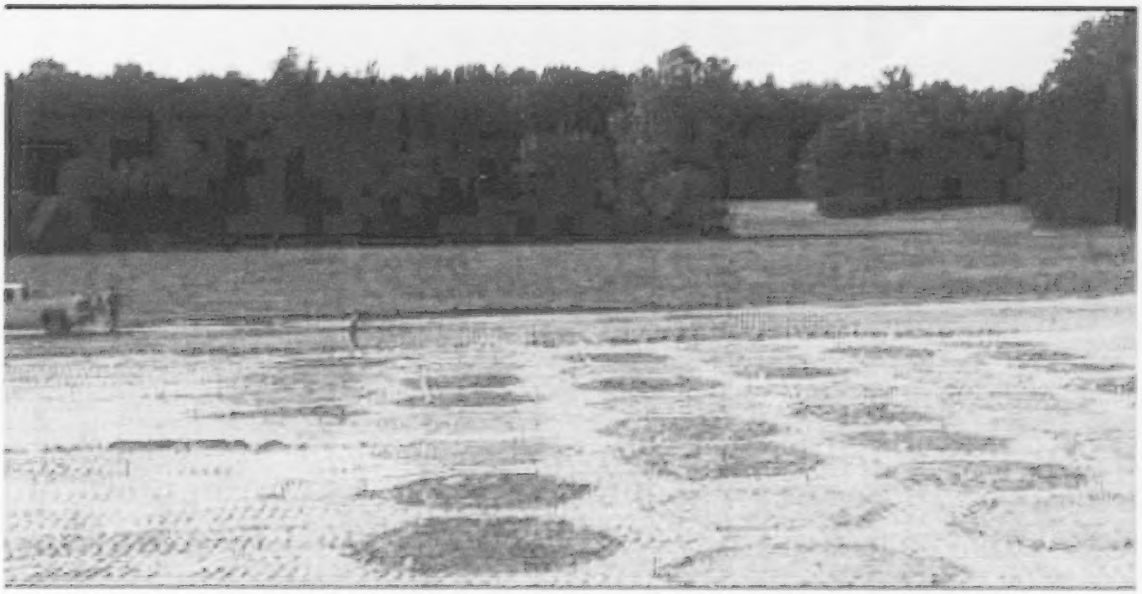
Experimental Design

This study will use a 6 x 2 x 3 factorial design where factors are:

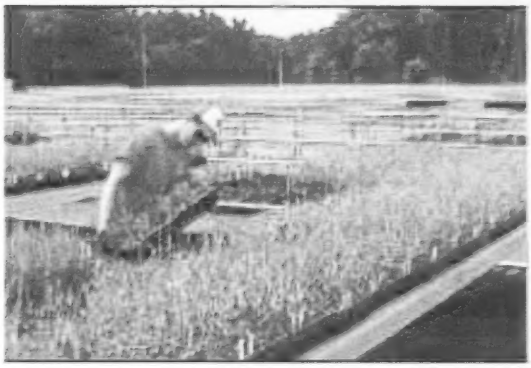
- Soil Amendments
  - o No amendment
  - o 20T/ha compost
  - o 5T/ha biochar
  - o 5T/ha biochar + 20T/ha compost
  - o 10T/ha biochar
  - o 10T/ha biochar + 20T/ha compost
- Pre-inoculation of greenhouse grown plants
  - o ± AMF inoculum (Glomus intraradices) supplied by Mikro-Tech
- Time
  - o Replicated for each year of the three year study

All treatments will be replicated in quadruplet (n=4), totaling one-hundred forty-four (144) individual field plots.





Hexagonal plots with different soil amendments including compost, biochar, compost and biochar and no amendment are ready for planting.



Andre Audet (field technician) examines species at St. Williams Nursery and Ecology Centre being used in the research including Showy Tick-trefoil (Desmodium canadense) and Switchgrass (Panicum virgatum).

Showy Tick-trefoil (Desmodium canadense) being planted in research plot. Plant plugs have been pre-inoculated with arbuscular mycorrhizal fungus (AMF).

Tallgrass Prairie Restoration (continued)

Native plant species will be grown as plugs at the St. Williams Nursery and Ecology Centre (St. Williams, Ontario, Canada). AMF inoculum will be pre-mixed into the plant plug soil at the recommended application rate and used to grow 50% of the native plant species. The native prairie plant species grown are as follows: [**C3 Grasses**: Bromus kalmii, Elymus canadensis; **C4 Grasses**: Panicum virgatum, Andropogon gerardii; **N-Fixing Forbs**: Desmodium canadense, Lespedeza capitata; **Composites**: Liatris cylindracea, Symphyotrichum laeve]. The plant species selected for this project meet the following criteria: 1) core plant species that are a common component of Ontario prairies, 2) tolerant of sandy soils, 3) tolerant of dry to dry-mesic moisture regimes, and 4) endemic to the study site area.

A two (2) meter buffer zone will separate each hexagonal 10.2 m2 plot to minimize plant interactions. Randomly sorted and pre-mapped, a total of seventy-two (72) native prairie plant plugs will be sown (early June 2010) into each field plot (plug spacing = 33cm). This tallgrass prairie restoration project will be monitored for a total of three field seasons (2010 – 2012). Each field season, four replicates of each treatment combination will randomly be chosen for the analysis of abiotic and biotic measurements.

*An experimental hexagonal plot. **Gray Color**: Unplanted 1m buffer zone is designated around each experimental area. This unplanted space will minimize plant plug interaction between plots. **Green Line**: Designates the experimental area for planting plugs and soil amendment addition.*

Field technicians Aniruddha Dhamorikar and Andre Audet plant native prairie plugs into the experimental plots.

Establishing Alvar Mosses on Quarry Floors

Suzanne Campeau, Bryophyta Technologies Inc.

Research continues in Eastern Ontario near Kingston and Prescott where Suzanne Campeau of Bryophyta Technologies Inc., is conducting research to determine if alvar moss species can be successfully established in depleted limestone quarries.

Alvars are flat, open areas of calcareous bedrock with a patchy, thin soil cover and sparse vegetation. The plant communities on these bedrock outcrops are composed of a unique mixture of stunted trees, herbs, forbs, mosses and lichens. Despite the low plant biomass, the flora of Ontario alvars is highly diverse and contains a large proportion of native species. Establishing alvar plant communities in depleted limestone quarries therefore becomes an option for the restoration of degraded land into a highly valuable natural habitat.

Previous research has demonstrated that a number of alvar vascular plants are also present in old quarries or can be readily established there by seeding. Alvar mosses, on the other hand, were shown to be less successful at establishing on their own in quarries. Yet, mosses are an important component of alvar vegetation, both in terms of biodiversity and of the role they play at the ecosystem level. Accordingly, the ongoing goals of this research are to test the ability of alvar moss species to establish on quarry floors and how they are influenced by:

1. type of substrate;
2. presence of a protective mulch cover;
3. presence of microtopography (or "safe sites") and,
4. the addition of low dose nutrients.

Effect of Substrate and Mulch

The first experiment was initiated in 2008 and tested the effect of straw mulch on moss establishment. This experiment was repeated in two quarries. Measurements taken in 2008 and 2009 demonstrated that the targeted moss species were able to grow once "seeded" on limestone, and that a straw mulch cover greatly improved establishment. The effect of mulch could be two-fold: the straw mulch likely improved growing conditions for the plants, but also prevented the mosses from being displaced by wind or water during the early stages of establishment.

In the fall of 2009, 16 months after the onset of the experiment, moss cover on the plots with straw mulch was 48% for the moss Schistidium rivulare and 88 % for Tortella tortuosa (Figure 1 and Figure 2). In comparison, the average moss cover on the plots without straw mulch was only 4% for S. rivulare and 15 % for T. tortuosa.

In addition to demonstrating the positive effect of a straw mulch cover on moss establishment, our observations suggested that moss establishment may be slightly favoured when the plants are reintroduced on a substrate composed of small particles (sand, gravel) in comparison to bare rock. This may be due to the fact that moss fragments are less easily displaced on a granular substrate than on a smoother, bare rock one. This positive effect was however small, and not sufficient to compensate for the absence of straw mulch.

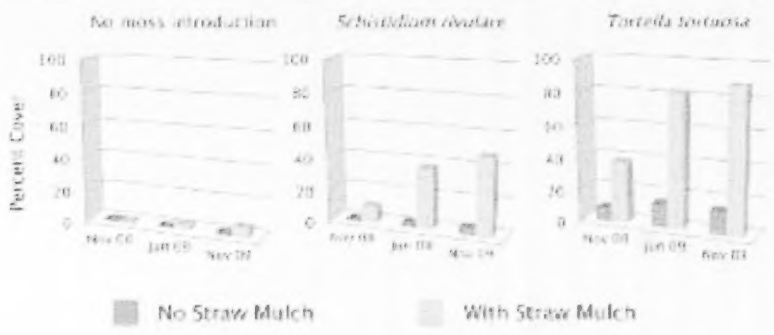


Figure 1: Effect of straw mulch on moss establishment on a limestone quarry floors. The experiment was initiated in June 2008.

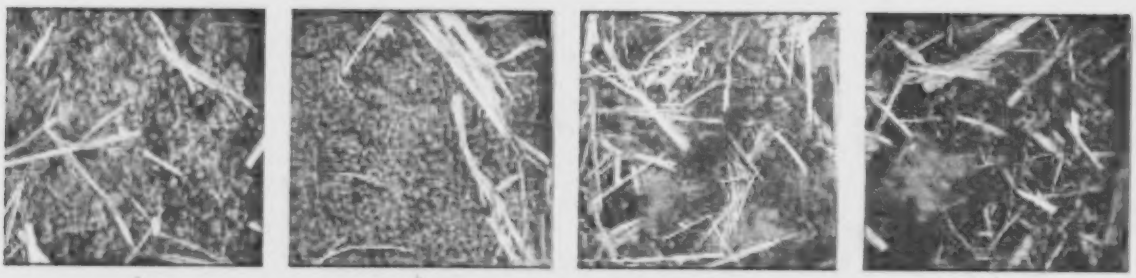


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Figure 2: Evolution of the moss cover under a straw mulch. (a) T. lortuosa, 4 months after reintroduction; (b) Same plot as (a), 16 months after reintroduction; (c) S. frivutare, 4 months after moss introduction; and (d) same plot as (c), 16 months after moss introduction. The photographed area is 10 cm x 10 cm.

Effect of Topography and Mulch

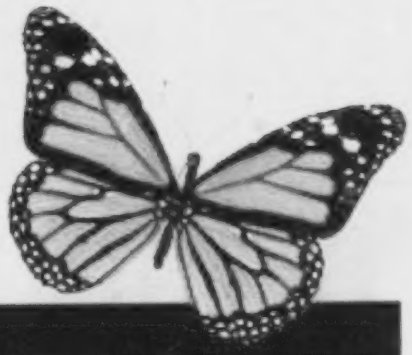
The second experiment initiated in 2008 examined the effect of a protective topographical element – in this case the addition of low "rock ridges" around the reintroduced mosses – on moss establishment (Figure 3). This experiment was again repeated in two quarries. Results recorded in fall 2009 showed that, even though the presence of rock ridges may be of some benefit to the establishing mosses, this effect was by no means comparable to the dramatic effect observed when adding straw mulch.

Effect of Substrate Amendment and Nutrient Addition

Previous work (funded through TOARC) by Paul Richardson from the University of Guelph indicated that a sand and organic matter amendment could be beneficial to the establishment of alvar vascular plants in quarries. Analyses of previously existing data on the natural distribution of mosses in a large number of alvars and quarries suggest that some form of substrate amendment could be beneficial to moss establishment as well.

Nutrient additions could also be helpful to moss establishment. However, because mosses are slow growers, only very small doses of the major macro and micronutrients are needed. If the doses are too high, other plants may take advantage of the added nutrients and out-compete mosses. Nutrients also need to be provided in a slow-release form as the substrates on which the mosses are reintroduced (i.e. bare rock or very shallow mineral soil with little organic matter) have very little nutrient retention capacity. Soluble nutrients would be quickly washed away from mosses. One very simple and practical way to provide slow-released nutrients to mosses would be to sprinkle them with compost. After an initial pulse, nutrients will be slowly released to mosses throughout the growing season.

A third experiment was therefore initiated in the fall of 2009 to examine the effect of the addition of a thin sand layer, sand and organic matter layer and of low doses of nutrients on moss establishment (Figure 4). This experiment will be monitored through to 2011.



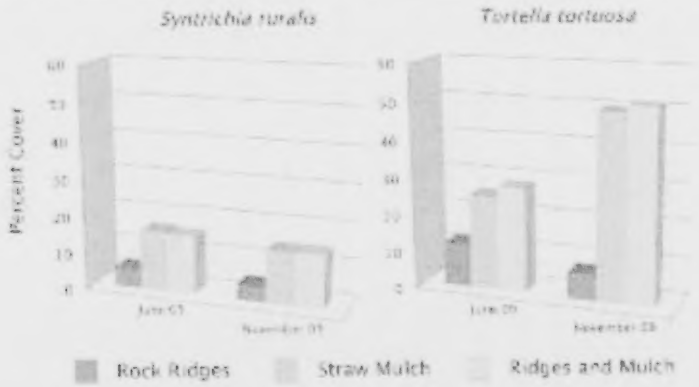
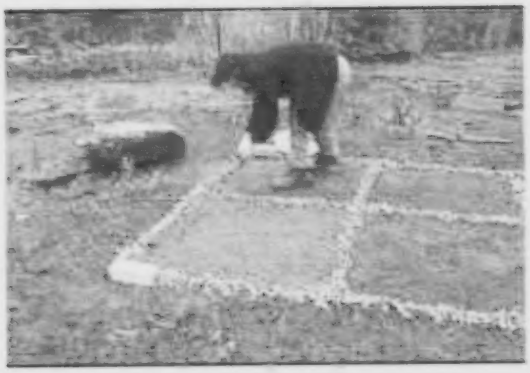
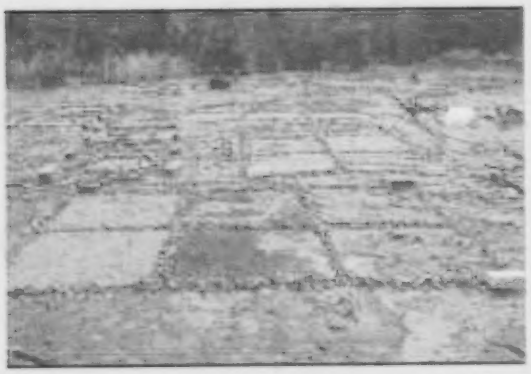


Figure 3. Effect of topography and mulch on moss establishment on a limestone quarry floor. The experiment was initiated in November 2008.



(a) laying down sand substrate amendment.



(b) View of one of the blocks with the two substrate amendments in place.

Establishing Alvar Mosses on Quarry Floors (continued)

(c) Spreading moss fragments on the central area of each plot

(d) General view of the experiment, with blocks of plots at different stages of preparation

(e) A complete block, with straw mulch

(f) General view of the experiment, with all blocks completed

Figure 4. *Establishment of the experiment examining the effect of substrate amendments and nutrient additions on moss establishment, November 2009.*

Early results of the projects were presented at the Canadian Land Reclamation Association (CLRA) Conference in Québec City in August 2009. A poster presentation, co-authored by Uta Matthes and Suzanne Campeau, entitled "The Use of Community Ordination in the Establishment of Restoration Protocols" described the approach used to select the species for the experiments. A second presentation, a talk presented by Suzanne Campeau and entitled "Establishing Alvar Mosses on Limestone Quarry Floors in Ontario", gave an overview of the project and presented results from the first experiment.

AUDITORS' REPORT

To the Trustee of
Aggregate Resources Trust

We have audited the statement of financial position of Aggregate Resources Trust as at December 31, 2009 and the statements of revenue and expenses and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Administrator of the Trust. Our responsibility is to express an opinion on these financial statements based on our audit.

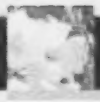
We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Administrator of the Trust, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO CANADA LLP

Chartered Accountants, Licensed Public Accountants

Burlington, Ontario
February 5, 2010



Aggregate Resources Trust

Statement of Financial Position

As at December 31	2009	2008
	$	$
ASSETS		
Current		
Cash and cash equivalents	**567,693**	565,850
Short-term investments	**750,000**	1,307,885
Due from Licensees and Permittees	**185,067**	91,431
GST recoverable	**20,489**	11,517
Interest and dividends declared receivable	**49,048**	57,699
Prepaid expenses	**34,397**	16,492
Total current assets	**1,606,694**	2,050,874
Investments [note 3]	**15,374,129**	13,941,931
Capital assets, net [note 4]	**99,467**	70,003
	17,080,290	16,062,808
LIABILITIES AND TRUST FUNDS		
Current		
Accounts payable and accrued liabilities	**218,992**	392,867
Due to Licensees and Permittees [note 1]	**6,693**	6,693
Due to The Ontario Aggregate Resources Corporation [note 1], [note 5]	**135**	10,439
Wayside permit deposits	**91,595**	116,895
Deferred Aggregate Resources Charges	**31,474**	22,327
Deferred Lease Costs	**40,256**	—
Due to Governments	**285,738**	204,282
Total current liabilities	**674,883**	753,503
Trust Funds		
Rehabilitation Fund	**13,462,145**	12,474,334
Abandoned Pits and Quarries Rehabilitation Fund	**2,943,262**	2,834,971
Total Trust Funds	**16,405,407**	15,309,305
	17,080,290	16,062,808

See accompanying notes

On behalf of the Trust by The Ontario Aggregate Resources Corporation as Trustee:

Director *Director*

Aggregate Resources Trust

Statement of Revenue and Expenses and Changes in Fund Balances

For the Year ended December 31	2009			
	Aggregate Resources Fund $	Rehabilitation Fund $	Abandoned Pits and Quarries Rehabilitation Fund $	Total $
REVENUE				
Investment income [note 3]	—	577,180	90,019	667,199
Unrealized changes in fair value	—	1,220,611	266,669	1,487,280
Publications	—	200	1,301	1,501
Loss on disposal of capital assets	—	(538)	—	(538)
	—	**1,797,453**	**357,989**	**2,155,442**
EXPENSES				
Reimbursed expenses	—	641,009	390,095	1,031,104
Depreciation	—	30,388	17,044	47,432
Investment management fees	—	91,605	20,014	111,619
	—	**763,002**	**427,153**	**1,190,155**
Excess (deficiency) of revenue over expenses before the following	—	**1,034,451**	**(69,164)**	**965,287**
Aggregate Resources Charges	20,168,072	—	—	20,168,072
Allocated to the Governments	(19,376,190)	—	—	(19,376,190)
Allocated to the Crown	(791,882)	—	—	(791,882)
Excess (deficiency) of revenue over expenses for the year	—	**1,034,451**	**(69,164)**	**965,287**
Trust Funds, beginning of year	—	12,474,334	2,834,971	15,309,305
Funds reinvested by the Crown	791,882	—	—	791,882
Interfund transfer	(791,882)	—	791,882	—
Expenditures incurred in meeting the Trust purposes [see schedules]	—	(46,640)	(614,427)	(661,067)
Trust Funds, end of year	—	**13,462,145**	**2,943,262**	**16,405,407**

See accompanying notes

Statement of Revenue and Expenses and Changes in Fund Balances

For the Year ended December 31	2008			
	Aggregate Resources Fund $	Rehabilitation Fund $	Abandoned Pits and Quarries Rehabilitation Fund $	Total $
REVENUE				
Investment income [note 3]	—	1,302,493	194,898	1,497,391
Unrealized changes in fair value	—	(2,661,693)	(522,150)	(3,183,843)
Publications	—	213	2,262	2,475
Gain on disposal of capital assets	—	50	—	50
	—	**(1,358,937)**	**(324,990)**	**(1,683,927)**
EXPENSES				
Reimbursed expenses	—	642,816	337,004	979,820
Depreciation	—	41,241	24,536	65,777
Investment management fees	—	83,822	16,443	100,265
	—	**767,879**	**377,983**	**1,145,862**
Deficiency of revenue over expenses before the following	—	**(2,126,816)**	**(702,973)**	**(2,829,789)**
Aggregate Resources Charges	20,431,730	—	—	20,431,730
Allocated to the Governments	(19,615,705)	—	—	(19,615,705)
Allocated to the Crown	(816,025)	—	—	(816,025)
Deficiency of revenue over expenses for the year	—	**(2,126,816)**	**(702,973)**	**(2,829,789)**
Trust Funds, beginning of year	—	14,618,937	3,476,811	18,095,748
Funds reinvested by the Crown	816,025	—	—	816,025
Interfund transfer	(816,025)	—	816,025	—
Expenditures incurred in meeting the Trust purposes [see schedule 1]	—	(17,787)	(754,892)	(772,679)
Trust Funds, end of year	—	**12,474,334**	**2,834,971**	**15,309,305**

See accompanying notes

Aggregate Resources Trust

Statement of Cash Flows

For the Year ended December 31	2009 $	2008 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses for the year	**965,287**	(2,829,789)
Add (less) items not involving cash		
Depreciation	**47,432**	65,777
Unrealized changes in fair values	**(1,487,280)**	3,183,843
Loss (gain) on disposal of capital assets	**538**	(50)
	(474,023)	419,781
Net change in non-cash working capital balances related to operations	**(190,482)**	2,245
Cash provided by (used in) operating activities	**(664,505)**	422,026
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets	**(77,484)**	(11,315)
Proceeds on disposal of capital assets	**50**	50
Purchase of short-term investments	**(18,450,270)**	(35,299,116)
Sale of short-term investments	**19,008,155**	35,093,615
Purchase of investments	**(3,013,538)**	(3,021,611)
Sale of investments	**3,068,620**	2,581,352
Cash provided by (used in) investing activities	**535,533**	(657,025)
CASH FLOWS FROM FINANCING ACTIVITIES		
Funds reinvested by the Crown	**791,882**	816,025
Expenditures incurred in meeting the Trust purposes	**(661,067)**	(772,679)
Cash provided by financing activities	**130,815**	43,346
Net increase (decrease) in cash and cash equivalents during the year	**1,843**	(191,653)
Cash and cash equivalents, beginning of year	**565,850**	757,503
Cash and cash equivalents, end of year	**567,693**	565,850

SUPPLEMENTAL CASH FLOW INFORMATION	**2009**	2008
For the Year ended December 31	**$**	$
Cash received from interest	**468,602**	748,518

See accompanying notes

Schedules of Rehabilitation Costs for the Rehabilitation Fund

For the Year ended December 31		2009
Project Number	**Project Name**	**Paid or Payable** $
08-02	Victoria Graphite Quarry, County of Leeds & Grenville	**25,325**
	Education	
	Rehabilitation Manual	**10,168**
	Student Rehabilitation Design Competition	**9,706**
	Rehabilitation Tour Uxbridge & surrounding area	**1,000**
	Tendering, consulting and other	**441**
		46,640

See accompanying notes

For the Year ended December 31		2008
Project number	**Project name**	**Paid or Payable $**
07-01	G.M.C. Sand and Gravel Ltd. Pit, County of Brant	**3,518**
08-02	Victoria Graphite Quarry, County of Leeds & Grenville	**193**
	Education	
	Student Rehabilitation Design Competition	**9,942**
	Rehabilitation Tour Bowmanville & surrounding area	**1,000**
	Tendering, consulting and other	**3,134**
		17,787

See accompanying notes

Schedule of Rehabilitation Costs for the Abandoned Pits and Quarries Rehabilitation Fund

For the Year ended December 31		2009
Project Number	**Project Name**	**Paid or payable / (Recovered) $**
06-02	McLean Pit, Dufferin County	**416**
06-15	Clark Pit, Dufferin County	**562**
07-15	MacDonald Pit, Hastings County	**(746)**
07-16	Hardy Pit, Hastings County	**(2,797)**
07-17	Morrison Pit, Grey County	**241**
08-03	Sorenson Pit, Lennox and Addington County	**550**
08-04	Robinson Pit, Hastings County	**1,151**
08-05	Sexsmith Pit, Hastings County	**153**
08-07	Holiday Quarry, Hastings County	**15,000**
08-08	Phillips Pit, Hastings County	**1,066**
08-16	Russell Pit, Grey County	**1,135**
08-21	Crawford Pit, Grey County	**632**
08-23	Brown Pit, Grey County	**6,480**
09-01	Birch Pit, Huron County	**21,052**
09-02	Nott Pit, Huron County	**55,000**
09-03	Jankowski Pit, Huron County	**26,400**
09-04	Powell Pit, Huron County	**6,352**
09-05	Mahon Pit, Perth County	**7,116**
09-06	Mount Pit, Huron County	**3,046**
09-07	Shetler Pit, Huron County	**4,680**
09-08	Miller Pit, Huron County	**1,100**
09-09	Lantz Pit, The Regional Municipality of Waterloo	**2,800**
09-10	Detzler Pit, The Regional Municipality of Waterloo	**2,900**
09-11	Smith (Hunter) Pit, The Regional Municipality of Waterloo	**1,927**
09-12	Keupfer Pit, Perth County	**280**
09-13	Poel Pit, Middlesex County	**185**
09-14	Deboer Pit, Huron County	**313**
09-16	Kruger Pit, Renfrew County	**18,690**
09-17	Galbraith Pit, Renfrew County	**43,996**
09-18	Behm Pit, Renfrew County	**12,572**
09-19	Graham Pit, Lanark County	**13,480**
09-21	Martin Pit, Lanark County	**31,314**

See accompanying notes

Schedule of Rehabilitation Costs for the Abandoned Pits and Quarries Rehabilitation Fund (continued)

For the Year ended December 31	2009
Project Name	**Paid or payable / (Recovered) $**
Newly Designated Areas – Inventories report	86,007
Research costs	
McMaster University – Calcareous wetland rehabilitation	10,000
University Guelph – Connecting opportunities & solutions	7,954
University Guelph–Biodiversity & Stability-Restoration of Quarries	4,400
Savanta Inc. – Species at Risk Best Practice Guidelines	776
Bryophyta Technologies – Establishing Alvar mosses on Quarries floors	17,665
State of Aggregate Resources in Ontario Update 2007 - Demand	100,000
State of Aggregate Resources in Ontario Update 2007 - Availability	100,000
Savanta Inc. – Pilot Tallgrass Prairie Restoration Plan	23,365
Pilot Tallgrass Prairie Restoration Plan Recoveries (MNR)	(14,321)
Tendering, consulting and other	1,535
	614,427

See accompanying notes

Photo: Danielle Solondz

Aggregate Resources Trust

Schedule of Rehabilitation Costs for the Abandoned Pits and Quarries Rehabilitation Fund

For the Year ended December 31		2008
Project Number	**Project Name**	**Paid or payable / (Recovered) $**
06-17	Wilkinson Pit, Simcoe County	5,425
06-19	Seiling Quarry, County of Leeds&Grenville	250
06-23	Osborne Pit, Grey County	928
07-05	Toth Quarry, Haldimand County	103
07-07	Dawkins Pit, Wellington County	646
07-13	Scott Pit, Wellington County	103
07-14	Ross Pit, Huron County	40,605
07-16	Hardy Pit, Hastings County	62,139
07-17	Morrison Pit, Grey County	8,402
07-18	Fogels Pit, Grey County	646
07-21	Hierons Pit, Grey County	5,595
07-23	Thompson Pit, Grey County	7,600
08-01	MacFarlane Pit, Lennox and Addington County	27,000
08-02	Sallans Pit, Peterborough County	19,880
08-03	Sorenson Pit, Lennox and Addington County	15,000
08-04	Robinson Pit, Hastings County	16,600
08-05	Sexsmith Pit, Hastings County	21,519
08-06	Sexsmith Quarry, Hastings County	27,400
08-07	Holiday Quarry, Hastings County	35,000
08-08	Phillips Pit, Hastings County	35,246
08-09	Floris Pit, Hastings County	49,510
08-10	Horrigan Pit, Hastings County	2,190
08-11	Harris Pit, Hastings County	18,885
08-12	Davis Quarry, Lennox and Addington County	39,953
08-13	Brownson Pit, Hastings County	5,958
08-14	Argyle Pit, Hastings County	202
08-15	Candiago Pit, Bruce County	3,750
08-16	Russell Pit, Grey County	1,800
08-17	Donoghue Pit, Grey County	14,025
08-18	Sweiger Pit, Grey County	13,350
08-19	Lorentz Pit, Bruce County	8,300
08-20	Carey Pit, Wellington County	11,455
08-21	Crawford Pit, Grey County	3,745
08-22	Clements Pit, Bruce County	6,637
08-23	Brown Pit, Grey County	9,450
08-24	Maree Pit, Grey County	9,562
08-25	Colwell Pit, Bruce County	9,800
08-26	Brindley Pit, Bruce County	32,750
08-27	Lemaitre Pit, Grey County	2,264
08-28	Thorne Pit, Bruce County	485
08-29	Walker Quarry, County of Leeds&Grenville	13,543

See accompanying notes

Schedule of Rehabilitation Costs for the Abandoned Pits and Quarries Rehabilitation Fund (continued)

For the Year ended December 31	2008
Project Name	**Paid or payable / (Recovered) $**
Newly Designated Areas – Inventories report	**61,490**
Research costs	
University Guelph – Connecting opportunities & solutions	**12,165**
Mineral Aggregate Conservation – Recycling & Reuse Report	**12,292**
University Guelph–Biodiversity & Stability-Restoration of Quarries	**18,680**
Savanta Inc. – Species at Risk Best Practice Guidelines	**21,554**
Species at Risk Best Practice Guidelines Recoveries (MNR)	**(5,700)**
Bryophyta Technologies – Establishing Alvar mosses on Quarries floors	**39,990**
Tendering, consulting and other	**6,720**
	754,892

See accompanying notes

Photo: Samantha Brown

Aggregate Resources Trust

Notes to Financial Statements

December 31, 2009

1. FORMATION AND NATURE OF TRUST

Aggregate Resources Trust [the "Trust"] was settled by Her Majesty the Queen in Right of the Province of Ontario [the "Crown"] as represented by the Minister of Natural Resources [the "Minister"] for the Province of Ontario pursuant to Section 6.1(1) of the Aggregate Resources Act, R.S.O. 1990, Chap. A.8 as amended [the "Act"]. The Minister entered into a Trust Indenture dated June 27, 1997 [the "Trust Indenture"] with The Ontario Aggregate Resources Corporation ["TOARC"] appointing TOARC as Trustee of the Trust.

The Trust's goals are: [a] the rehabilitation of land for which a Licence or Permit has been revoked and for which final rehabilitation has not been completed; [b] the rehabilitation of abandoned pits and quarries, including surveys and studies respecting their location and condition; [c] research on aggregate resource management, including rehabilitation; [d] making payments to the Crown and to regional municipalities, counties and local municipalities in accordance with regulations made pursuant to the Act; [e] the management of the Abandoned Pits and Quarries Rehabilitation Fund; and [f] such other purposes as may be provided for by or pursuant to Section 6.1(2)5 of the Act.

In 1999 the Trust's purposes were expanded by amendment to the Trust Indenture to include:

> [a] " the education and training of persons engaged in or interested in the management of the aggregate resources of Ontario, the operation of pits or quarries, or the rehabilitation of land from which aggregate has been excavated; and
>
> [b] the gathering, publishing and dissemination of information relating to the management of the aggregate resources of Ontario, the control and regulation of aggregate operations and the rehabilitation of land from which aggregate has been excavated."

In accordance with the Trust Indenture, TOARC administers the Trust which consists of three funds: the Aggregate Resources Fund, the Rehabilitation Fund and the Abandoned Pits and Quarries Rehabilitation Fund. TOARC is a mere custodian of the assets of the Trust and all expenditures made by TOARC are expenditures of the Trust.

Prior to the creation of the Trust, the Trust's goals were pursued by the Minister and, separately, the Ontario Stone, Sand & Gravel Association [the "OSSGA"] formerly The Aggregate Producers' Association of Ontario [the "APAO"]. Upon the creation of the Trust, rehabilitation security deposits held by the Crown, as represented by the Minister, were to be transferred to the Trust. In addition, the Crown directed the OSSGA to transfer, on behalf of the Crown, the Abandoned Pits and Quarries Rehabilitation Fund to the Trust. By December 31, 1999, the Minister and the OSSGA had transferred $59,793,446 and $933,485, respectively, to the Trust.

Pursuant to the Trust Indenture, TOARC "shall pay and discharge expenses properly incurred by it in carrying out and fulfilling the Trust purposes and the administration of the Trust . . ." [Section 7.02].

The Aggregate Resources Fund is for the collection of the annual licence and permit fees, royalties, and wayside permit fees [aggregate resources charges] collected on behalf of the Minister. Effective for the 2007 production year the annual licence fee increased from $0.06 per tonne to $0.115 per tonne. The licence fees are due by March 15 of the following year, and are disbursed within six months of receipt. The fees are disbursed as follows: [a] $0.06 to the lower tier municipality, [b] $0.015 to the upper tier municipality, [c] $0.035 to the Crown, collectively [the "Governments"] and [d] $0.005 to the Trust. Minimum annual fees will also increase effective for the 2007 production year:

- a Class A licence from $200 to $400 or $0.115 per tonne whichever is greater;
- a Class B licence from $100 to $200 or $0.115 per tonne whichever is greater;
- the minimum wayside fee from $100 to $400 or $0.115 per tonne whichever is greater;
- the annual aggregate permit fee from $100 to $200; and
- the minimum royalty rate for aggregate extracted on Crown land from $0.25 to $0.50 per tonne.

For production prior to 2007 all aggregate resources charges remain at the old fee schedule with the $0.06 licence fee being disbursed as follows: [a] $0.04 to the lower tier municipality, [b] $0.005 to the upper tier municipality, [c] $0.01 to the Crown, collectively [the "Governments"] and [d] $0.005 to the Trust.

Notes to Financial Statements (continued)

December 31, 2009

1. FORMATION AND NATURE OF TRUST

The funds reinvested by the Crown to the Trust from the Aggregate Resources Fund will be transferred within the Trust and used for the Rehabilitation Fund and the Abandoned Pits and Quarries Rehabilitation Fund. In addition, the Trust collects the royalty payments and annual fees related to aggregate permits and also disburses the funds to the Crown within six months of receipt.

The Rehabilitation Fund represents the rehabilitation security deposits, contributed by Licensees and Permittees, held by the Crown and, in accordance with the Trust Indenture, transferred to the Trust. TOARC has been directed by the Minister to refund approximately 3,000 individual licensee and permittee accounts based on the formula of retaining $500 per hectare disbursed on licenses and 20% of the deposit amount for aggregate permits. As a result, the Trust has refunded approximately $48.6 million and an additional $6,693 will be refunded when the Crown so directs. The balance of funds will be used to ensure the rehabilitation of land where licenses and/or permits have been revoked and final rehabilitation has not been completed.

The Abandoned Pits and Quarries Rehabilitation Fund is for the rehabilitation of abandoned sites and related research. Abandoned sites are pits and quarries for which a licence or permit was never in force at any time after December 31, 1989.

The Trust's expenses [or Trustee's expenses] are the amounts paid pursuant to Article 7.02 of the Trust Indenture.

Pursuant to Section 4.01 of the Trust Indenture, the Trust's assets and the income and gains derived therefrom are property belonging to the Province of Ontario within the meaning of Section 125 of the Constitution Act, 1867 and, by reason of Section 7.01 of the Trust Indenture, the amounts paid by the Trustee pursuant to Article 7 are paid to or for the benefit of the Crown.

December 31, 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Trust have been prepared in accordance with Canadian generally accepted accounting principles and within the framework of the significant accounting policies summarized as follows:

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from management's best estimates as additional information becomes available in the future. The financial statements have, in management's opinion, been properly prepared using careful judgment within reasonable limits of materiality and within the framework of the accounting policies of the Trust.

Aggregate Resources Charges

Aggregate resources charges collected on behalf of the Minister are recorded upon receipt of a tonnage report from Licensees and Permittees. Aggregate resources charges are based on the tonnage produced in the preceding period by the Licensees and Permittees as reported by the Licensees and Permittees. If there is no production in the preceding period, an annual fee is recognized for Permittees.

Deferred Aggregate Resources Charges represents prepayments and overpayments of fees charged to Licensees and Permittees.

Capital Assets

Capital assets are recorded at cost less accumulated depreciation. Depreciation is recorded to write off the cost of capital assets over their estimated useful lives on a straight-line basis as follows:

Computer equipment and software	3 to 5 years
Furniture and fixtures	5 years
Leasehold improvements	5 years
Vehicles	3 years

December 31, 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Deferred Lease Costs
Deferred lease costs represent leasehold improvements that are being reimbursed by the landlord and are being amortized over the term of the lease.

Financial Instruments
Financial instruments are initially measured at fair value. Those classified as held-to-maturity, loans and receivables or other liabilities are subsequently measured at amortized cost using the effective interest rate method. The Trust does not classify any of its financial assets as held-to-maturity or available-for-sale.

The Trust has classified its financial instruments as follows:

Cash and cash equivalents are designated as held-for-trading and are considered highly liquid investments purchased with an initial maturity of three months or less. The carrying values of cash and cash equivalents are a reasonable estimate of their fair value due to their short-term maturity. The fair value of these assets is equal to their carrying value plus accrued interest.

Short-term investments consist of:

i) A BNS Guaranteed investment certificate that bears interest at 1.50% per annum with a maturity date of February 25, 2010.

Short-term investments are designated as held-for-trading and are considered highly liquid investments maturing within 12 months of the financial statement date. The carrying values of short-term investments are a reasonable estimate of their fair value due to their short-term maturity. The fair value of these assets is equal to their carrying value plus accrued interest.

Investments are classified as held-for-trading. Realized gains and losses and unrealized changes in fair values are recorded in the Statement of Revenue and Expenses and Changes in Fund Balances under investment income and unrealized changes in fair value respectively. Fair value is determined based on quoted market prices.

The Trust accounts for its investments on a trade date basis and transaction costs associated with the investments are included in the Statement of Revenue and Expenses and Changes in Fund Balances under investment income.

Due from Licensees and Permittees and interest and dividends declared receivable are classified as loans and receivables and are measured at amortized cost.

Accounts payable and accrued liabilities, due to Licensees and Permittees, wayside permit deposits and due to Governments are classified as other financial liabilities and are measured at amortized cost.

The Trust utilizes various financial instruments. Unless otherwise noted, it is management's opinion the Trust is not exposed to significant interest, currency or credit risks arising from its financial instruments and the carrying amounts approximate fair values.

Revenue Recognition
Investment income is recognized in the period in which it is earned.

Foreign Currency Translation
Foreign currency accounts are translated into Canadian dollars as follows:

Foreign currency assets and liabilities are translated into Canadian dollars by the use of the exchange rate prevailing at the year end date for monetary items and at exchange rates prevailing at the transaction date for non-monetary items. The resulting foreign exchange gains and losses are included in investment income in the current period.

Notes to Financial Statements (continued)

3. INVESTMENTS

December 31, 2009

Investments consist of the following:	**2009 Fair Value $**	**2009 Cost $**	2008 Fair Value $	2008 Cost $
Bonds				
Government of Canada and Agencies	**3,384,774**	**3,270,450**	2,501,588	2,378,989
Corporate	**671,548**	**642,614**	1,335,478	1,345,051
Canadian Equities	**1,105,992**	**784,355**	750,353	638,400
Foreign Equities	**3,173,464**	**4,134,783**	2,609,569	3,941,765
Pooled Funds	**7,038,351**	**7,042,325**	6,744,943	7,618,265
	15,374,129	**15,874,527**	13,941,931	15,922,470

The Government of Canada and Agencies bonds bear interest at rates ranging from 0.441% to 9.95% per annum [2008 – 3.11% to 5.75%] with maturity dates ranging from October 25, 2011 to December 1, 2027.

The Corporate bonds bear interest at rates ranging from 3.95% to 8.25% per annum [2008 – 3.93% to 6.45%] with maturity dates ranging from October 24, 2011 to June 22, 2026.

Interest rate risk
The Trust is exposed to interest rate risk on its bond portfolio and does not currently hold any financial instruments that mitigate this risk. Management does not believe that the impact of interest rate fluctuation will be significant.

Investment income is broken down as follows:	**2009 $**	2008 $
Interest income	**461,589**	756,323
Dividends	**209,358**	254,854
Realized capital gains [net]	**4,463**	471,505
Foreign exchange gains (losses) [net]	**(9,941)**	13,246
Other income	**1,730**	1,463
	667,199	1,497,391

Investment income of the Rehabilitation Fund includes interest earned on Aggregate Resources Charges collected on behalf of the Minister of $104,657 [2008 - $347,087].

December 31, 2009

4. CAPITAL ASSETS

Capital assets consist of the following:

	2009 Cost $	**2009 Accumulated depreciation $**	**2009 Net book Value $**	2008 Cost $	2008 Accumulated depreciation $	2008 Net book Value $
Computer equipment and software	**171,802**	**132,118**	**39,684**	164,363	110,058	54,305
Furniture and fixtures	**122,126**	**103,620**	**18,506**	108,203	98,537	9,666
Leasehold improvements	**46,700**	**5,423**	**41,277**	2,533	464	2,069
Vehicles	**88,511**	**88,511**	**—**	88,511	84,548	3,963
	429,139	**329,672**	**99,467**	363,610	293,607	70,003

December 31, 2009

5. DUE TO THE ONTARIO AGGREGATE RESOURCES CORPORATION

Amounts due to the Corporation are unsecured and are due on demand.

December 31, 2009

6. COMMITMENTS

The Trust has entered into a number of Research Funding Agreements.
The future annual payments, in total and over the next two years, are as follows:

	$
2010	**40,386**
2011	**7,260**
	47,646

December 31, 2009

7. CAPITAL DISCLOSURES

The Trust considers its capital to be its trust funds invested in the Aggregate Resources Fund, the Rehabilitation Fund and the Abandoned Pits and Quarries Rehabilitation Fund. The Trust's objective when managing its capital is to safeguard its ability to continue as a going concern so that it can fulfill the Trust's purposes. Annual budgets are developed and monitored to ensure that the Trust's capital is maintained at an appropriate level.

Notes to Financial Statements (continued)

December 31, 2009

8. CHANGE IN ACCOUNTING POLICIES

Effective January 1, 2009, the Trust adopted new accounting presentation and disclosure standards that were issued by the Canadian Institute of Chartered Accountants. The implementation of these standards did not have material impact on the Trust's results of operations or financial position.

Financial statement concepts
CICA Handbook Section 1000, Financial Statement Concepts has been amended to focus on the capitalization of costs that truly meet the definition of an asset and de-emphasizes the matching principle.

Cash flow statements
CICA Handbook Section 1540 was amended to include not-for-profit organizations, which includes Trusts within its scope.

Photo: Andrew Dean

December 31, 2009

9. CHANGES IN PRESENTATION OF COMPARATIVE FINANCIAL STATEMENTS

Certain comparative amounts have been reclassified to conform with the current year's financial statement presentation.

Photo: Samantha Brown

AUDITORS' REPORT

To the Shareholder of
The Ontario Aggregate Resources Corporation

We have audited the balance sheet of The Ontario Aggregate Resources Corporation as at December 31, 2009 and the statement of operations and retained earnings for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO CANADA LLP

Chartered Accountants, Licensed Public Accountants

Burlington, Ontario
February 5, 2010

The Ontario Aggregate Resources Corporation

Balance Sheet

As at December 31	2009	2008
	$	$
ASSETS		
Cash	**1**	1
Due from Aggregate Resources Trust [note 3]	**135**	10,439
	136	10,440
LIABILITIES AND TRUST FUNDS		
Liabilities		
Due to Ontario Stone, Sand & Gravel Association [note 3]	**135**	10,439
Total liabilities	**135**	10,439
Shareholder's equity		
Share capital		
Authorized and issued, 1 common share	**1**	1
Retained earnings	**—**	—
Total shareholder's equity	**1**	1
	136	10,440

See accompanying notes

On behalf of the Board:

Director

Director

The Ontario Aggregate Resources Corporation

Statement of Operations and Retained Earnings

For the Year ended December 31	2009		
	Rehabilitation Fund $	Abandoned Pits and Quarries Rehabilitation Fund $	Total $
EXPENSES			
Salaries and employee benefits	410,612	251,121	661,733
Board expenses	13,017	—	13,017
Professional fees	97,838	13,011	110,849
Data processing	13,126	1,495	14,621
Travel	24,954	71,292	96,246
Communication	19,493	20,408	39,901
Office	19,567	11,172	30,739
Office lease, taxes and maintenance	37,990	19,390	57,380
Insurance	4,412	2,206	6,618
	641,009	390,095	1,031,104
Recovery of costs	(641,009)	(390,095)	(1,031,104)
Net income for the year	—	—	—
Retained earnings, beginning of year	—	—	—
Retained earnings, end of year	—	—	—

See accompanying notes

For the Year ended December 31	2008		
	Rehabilitation Fund $	Abandoned Pits and Quarries Rehabilitation Fund $	Total $
EXPENSES			
Salaries and employee benefits	446,702	203,909	650,611
Board expenses	9,347	—	9,347
Professional fees	66,157	13,573	79,730
Data processing	19,050	2,146	21,196
Travel	23,057	61,871	84,928
Communication	16,167	25,880	42,047
Office	17,941	7,987	25,928
Office lease, taxes and maintenance	39,950	19,415	59,365
Insurance	4,445	2,223	6,668
	642,816	337,004	979,820
Recovery of costs	(642,816)	(337,004)	(979,820)
Net income for the year	—	—	—
Retained earnings, beginning of year	—	—	—
Retained earnings, end of year	—	—	—

See accompanying notes

Notes to Financial Statements

December 31, 2009

1. FORMATION AND NATURE OF OPERATIONS

The Ontario Aggregate Resources Corporation [the "Corporation"] was incorporated on February 20, 1997. The Corporation's sole shareholder is the Ontario Stone, Sand & Gravel Association [the "OSSGA"] (formerly The Aggregate Producers' Association of Ontario [the "APAO"]), a not-for-profit organization. The Corporation's sole purpose is to act as Trustee of the Aggregate Resources Trust [the "Trust"]. On June 27, 1997, the Corporation and Her Majesty the Queen in Right of the Province of Ontario [the "Crown"], as represented by the Minister of Natural Resources [the "Minister"], entered into a Trust Indenture, appointing the Corporation as Trustee of the Trust.

In accordance with the Indenture Agreement, the Corporation incurs administrative expenses as Trustee of the Trust which consists of three funds: the Aggregate Resources Fund, the Rehabilitation Fund and the Abandoned Pits and Quarries Rehabilitation Fund. All costs incurred by the Corporation on behalf of the Trust are reimbursed from the Trust's assets.

The Trust's assets managed by the Corporation, amounting to approximately $16.4 million, are not included in the accompanying balance sheet. The beneficial owner of the Trust's assets is the Crown.

December 31, 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Instruments
The Corporation utilizes various financial instruments. Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from its financial instruments and the carrying amounts approximate fair values.

December 31, 2009

3. DUE TO (FROM) RELATED PARTIES

Amounts due to / (from) the Corporation are unsecured and are due on demand.

December 31, 2009

4. LEASE COMMITMENTS

The future minimum annual lease payments in total and over the next five years are as follows:

	$
2010	**66,670**
2011	**67,025**
2012	**68,435**
2013	**69,495**
2014	**52,120**
	323,745

December 31, 2009

5. STATEMENT OF CASH FLOWS

A separate statement of cash flows has not been presented as cash flows from operating, investing and financing activities are readily apparent from the other financial statements.

December 31, 2009

6. CAPITAL DISCLOSURES

The Corporation has nominal capital. The Corporation's sole purpose is to act as Trustee of the Aggregate Resources Trust. The Corporation's objective when managing the Trust's capital is to safeguard the ability of the Trust to continue as a going concern so that it can fulfill the Trust's purposes.

December 31, 2009

7. CHANGE IN ACCOUNTING POLICIES

Effective January 1, 2009, the Corporation adopted new accounting presentation and disclosure standards that were issued by the Canadian Institute of Chartered Accountants. The implementation of these standards did not have material impact on the Corporation's results of operations or financial position.

Financial statement concepts
CICA Handbook Section 1000, Financial Statement Concepts has been amended to focus on the capitalization of costs that truly meet the definition of an asset and de-emphasizes the matching principle.

Photo: Samantha Brown

AUDIT PROGRAM

TOARC, on behalf of the Trust, initiated an audit program in 2000 to monitor the completeness and accuracy of production reports submitted by licensees and permittees. The program is designed to educate licence and permit holders with respect to their obligations for record keeping under the Aggregate Resources Act in addition to assuring that aggregate production is being reported properly.

Since the inception of the program, TOARC has audited 450 clients covering 1,457 licences and permits resulting in an additional $491,955 of net aggregate resource fees collected.

REVOKED LICENCES AND PERMITS

Under Subsection (v) (i) of the Trust Indenture, TOARC has the responsibility for "the rehabilitation of land for which a Licence or Permit has been revoked and for which final rehabilitation has not been completed". Since inception of the Trust, 75 licences and 83 permits have been revoked. In the case of licences, 45 have been rehabilitated or the files have been closed for other reasons. In the case of permits, 62 have been rehabilitated or closed for other reasons. To date the Trust has expended $603,285 in net direct costs for rehabilitation of revoked sites.

PROFESSIONAL ASSISTANCE

Banking Institution

The Bank of Nova Scotia

Investment Managers

Burgundy Asset Management Ltd.
Letko Brosseau & Associates Inc.

Investment Advisors

T.E. Investment Counsel Inc.

Auditors

BDO Canada LLP

Legal Counsel

Blake, Cassels & Graydon LLP

Shareholder

Ontario Stone, Sand & Gravel Association

The Ontario Aggregate Resources Corporation

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